

Message Text

UNCLASSIFIED

PAGE 01 LONDON 02274 01 OF 02 211624Z

50

ACTION EUR-25

INFO OCT-01 ISO-00 AGR-20 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 L-03 H-03 PA-04

PRS-01 USIA-15 AF-10 ARA-16 EA-11 NEA-10 DRC-01 /187 W

----- 122486

R 211614Z FEB 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8123

UNCLAS SECTION 01 OF 02 LONDON 02274

E.O. 11652: N/A

TAGS: ECON, EAGR

SUBJECT: COMMONWEALTH SUGAR AGREEMENT

REF: PILKAUSKAS/YORK TELCON

FINANCIAL TIMES TODAY (FEB 21) CARRIED FOLLOWING STORY
ON UK/COMMONWEALTH SUPPLIERS NEGOTIATIONS:

"NO RISE IN THE UK RETAIL PRICE OF SUGAR WILL RESULT
FROM THE PROPOSALS UNDER DISCUSSION AT PRESENT WITH
MEMBERS OF THE COMMONWEALTH SUGAR AGREEMENT, THE
MINISTRY OF AGRICULTURE DECLARED YESTERDAY. THIS
FOLLOWS REPORTS THAT THE PRICE PAID TO CARIBBEAN SUP-
PLIERS WAS BEING RAISED BY 22 POUNDS TO 83 POUNDS A TON.
"IT IS UNDRSTOOD THAT THE UK GOVERNMENT HAS AGREED TO
PAY AN EXTRA SUM OF OVER 30M POUNDS UNDER AN INGENIOUS
SCHEME DEVISED TO COMPENSATE CARIBBEAN SUPPLIERS IN
PARTICULAR FOR HIGHER PRODUCTION COSTS, WHILE AT THE
SAME TIME NOT DISTURBING THE PRICE STRUCTURE IN BRITAIN
AGREED WITH THE EEC AFTER INTENSIVE NEGOTIATIONS TO
COVER THE TRANSITIONAL ENTRY PERIOD.

"THE PLAN OUTLINED AT TALKS WITH THE CARIBBEAN SUGAR
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 02274 01 OF 02 211624Z

PRODUCING COUNTRIES AT THE END OF LAST WEEK WAS TO GIVE

DEVELOPING COUNTRIES UNDER THE COMMONWEALTH SUGAR AGREEMENT A BACK-DATED PRICE INCREASE FOR 1972, THE YEAR BEFORE THE UK JOINED THE EEC.

"THIS MEANS THAT THE UK WILL NOT HAVE TO SEEK EEC APPROVAL FOR THE PRICE INCREASE, AS WOULD BE NEEDED FOR 1973 AND 1974 SUPPLIES UNDER THE COMMON MARKET ENTRY TRANSITIONAL ARRANGEMENTS. IF THE EXTRA PRICE WAS PAID TO ALL SUPPLIERS UNDER THE COMMONWEALTH AGREEMENT, IT WOULD INVOLVE A PAYMENT OF OVER 38M POUNDS BUT IT IS BELIEVED THAT THE ADDITIONAL PAYMENT MAY BE CONFINED ONLY TO DEVELOPING COUNTRIES IN NEED OF SPECIAL FINANCIAL ASSISTANCE.

"IN PRACTICE THIS WOULD MEAN ALL MEMBERS OF THE COMMONWEALTH AGREEMENT WOULD BE INCLUDED WITH THE NOTABLE EXCEPTION OF AUSTRALIA, WHICH SELLS LARGE QUANTITIES OF SUGAR ON THE WORLD MARKET AS WELL AS SUPPLYING SOME 340,000 TONS UNDER THE COMMONWEALTH AGREEMENT. THE NET RESULT WOULD BE A PAYMENT BY BRITAIN OF AROUND 32M POUNDS IN THE FORM OF A SINGLE SUBSIDY, SINCE THE COMMONWEALTH AGREEMENT EXPIRES AT THE END OF THIS YEAR AND NEW ARRANGEMENTS FOR THE SUPPLY OF COMMONWEALTH SUGAR INTO THE ENLARGED COMMUNITY ARE STILL TO BE NEGOTIATED.

"DISCUSSIONS BETWEEN THE UK GOVERNMENT AND SUPPLIERS UNDER THE COMMONWEALTH AGREEMENT ARE STILL GOING ON, BUT IT IS HOPED THAT AN OFFICIAL ANNOUNCEMENT WILL BE MADE WITHIN THE NEXT FEW DAYS.

"IT CAN BE ASSUMED THAT THE EEC WILL BE NONE TOO

UNCLASSIFIED

NNN

UNCLASSIFIED

PAGE 01 LONDON 02274 02 OF 02 211622Z

50

ACTION EUR-25

INFO OCT-01 ISO-00 AGR-20 AID-20 CEA-02 CIAE-00 COME-00

EB-11 FRB-02 INR-10 NSAE-00 RSC-01 CIEP-02 SPC-03

STR-08 TRSE-00 LAB-06 SIL-01 OMB-01 L-03 H-03 PA-04

PRS-01 USIA-15 AF-10 ARA-16 EA-11 NEA-10 DRC-01 /187 W

----- 122493

R 211614Z FEB 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8124

UNCLAS SECTION 02 OF 02 LONDON 02274

PLEASED WITH THIS ARRANGEMENT TO CIRCUMVENT COMMUNITY AGREEMENTS, ESPECIALLY FOLLOWING SO SOON AFTER THE CONTROVERSIAL BACK-DATED PAYMENT FOR UK MILK PRODUCERS AT LAST WEEK'S FARM PRICE REVIEW. HOWEVER, IT DOES APPARENTLY CLEAR THE WAY FOR CARIBBEAN SUGAR PRODUCERS TO RESUME SHIPMENTS TO THE UK OF SUGAR THAT HAS UNTIL RECENTLY BEEN DIVERTED TO OTHER MORE PROFITABLE MARKETS AND HAS THREATENED TO REDUCE UK STOCKS TO LOW LEVELS AND CREATE UNEMPLOYMENT IN THE CANE SUGAR REFINERIES.

"WITH THE HIGHER PRICE AND THE INCENTIVE TO DISPEL ANY DOUBTS IN THE EEC THAT THEY CAN FULFILL THE UK QUOTAS, THE CARIBBEAN COUNTRIES SHOULD NOW BE ANXIOUS TO SEND THE FULL SUPPLY OF OVER 736,000 TONS ALLOCATED TO THE WEST INDIES UNDER THE COMMONWEALTH AGREEMENT, DESPITE THE TEMPTATIONS OF MUCH HIGHER PRICES OBTAINABLE ELSEWHERE AT THE MOMENT.

"YESTERDAY WORLD SUGAR MARKET VALUES MOVED STILL HIGHER WITH THE LONDON DAILY PRICE GAINING 5 POUNDS TO 250 POUNDS A TON. AT PRESENT THERE IS NO SIGN OF PRICES COLLAPSING WITH THE OIL-RICH ARAB COUNTRIES APPARENTLY PREPARED TO PAY THE HIGH PRICES DEMANDED FOR THE SCARCE SUPPLIES OF ACTUAL SUGAR AVAILABLE ON THE RESIDUAL FREE UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LONDON 02274 02 OF 02 211622Z

MARKET."

SOHM

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: SUGAR, PRESS COMMENTS, AGRICULTURAL AGREEMENTS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 21 FEB 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974LONDON02274
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740218/aaaaarco.tel
Line Count: 157
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: PILKAUSKAS/YORK TELCON
Review Action: RELEASED, APPROVED
Review Authority: WorrelSW
Review Comment: n/a
Review Content Flags:
Review Date: 25 FEB 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <25 FEB 2002 by elbezejf>; APPROVED <02 DEC 2002 by WorrelSW>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COMMONWEALTH SUGAR AGREEMENT
TAGS: ECON, EAGR, UK
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005